THE CONDITION OF THE ENGLISH WORKING CLASSES, 1900—1924

ONE of the most frequent statements with which a Labour propagandist has to contend is the assertion that, while Capitalism has its drawbacks, it is none the less the chief benefactor of the workers; that without Capitalism the economic position of the worker would be far worse than it is at present. Put in this general form, it is difficult either to prove or disprove. Capitalism as a social phenomenon goes back so far beyond the days of reliable statistics that we cannot for the whole period express in accurate measure its economic effects on the workers' standards, nor can we prove with figures that if Capitalism had never come into existence the results would have been such and such. All we can do is to consider what have been the effects of Capitalism during the period for which statistics can be obtained. If we do this we find that, so far from benefiting the worker economically, the result of British Capitalism has been, from 1900 onwards, *A Steady Lowering of the Standard of Life to the Working Classes.*

1914 the Wrong Year

That this is not generally recognised is due mainly to two facts—first, that 1914, and not 1900, is usually taken as the basic year for calculating wages and prices, and secondly, that in calculating the rise in workers' wages, it is assumed that the average worker actually receives the enhanced wage, and no allowance is made for unemployment.

The effect of the first error is to mask the real worsening of the worker's position. Statisticians prove to their own satisfaction that money wages in 1923, expressed in 1914 terms, were not much below those of 1914, and think they have disposed of the question thus, completely overlooking the fact that 1914 was only a point in a steady though slow decline of real wages which began about 1900. The second, naturally, makes the workers' position from 1921 onwards appear much better than it really is. If nominal wages are 50s. a week, and a man has twelve weeks out of work in the year, his real wages are less by £30—he will receive £100 during the year instead of £130. And if unemployment is so heavy (as it was during 1921) that 15 per cent. of the insured workers are unemployed every week, clearly the *average expectation of income* of a member of the working-class is so much less than what is shown by the wage figures. With these considerations in mind we can now proceed to our subject—the economic position of the working-class from 1900 to the end of 1923.

Note.—The following tables are compiled from official figures issued by the Ministry of Labour and the Board of Trade, except in one instance, where certain figures compiled by Professor Bowley for the Carnegie Endowment have been used. It is thought that these are hardly likely to be biased on the side of the workers. The figures are in many cases unsatisfactory, and we deal later in this article with this point. It is possible, however, that because of the inadequacy of the data, some of the conclusions may be incorrect, and speakers using these figures should beware of asserting that they must *as a fact* represent the true state of things. What we can say is that *on the facts available* these are the conclusions and that the Government or any other body desiring to dispute them must produce fresh statistics which will command confidence.

WAGES AND PRICES

To begin with wages and prices. Table I. shows the relation between prices and real wages between 1900 and 1923. Column (*a*) gives the level of nominal wages, expressed as a percentage of 1900. Up to the beginning of the war this figure is taken from an average compiled by the Board of Trade for forty-seven trades, which is generally accepted by economists as being a fairly true index of wages generally. From 1914 onwards this index is not available, and we have used an index figure compiled by Professor Bowley from the information given monthly in the *Labour Gazette.* Professor Bowley's figures only go as far as 1920; but adopting his method of calculation for subsequent years we find that the figure we reach for 1923 is the same as that given by the Ministry of Labour for that year.

Column (*b*) gives the average figure of unemployment among Trade Unionists during these years. (This figure has been used, rather than the general index of unemployment, because the latter did not exist before the Insurance Acts. The Trade Union figure is, if anything, slightly lower than the general figure, so the error, if any, is against the workers.)

Column (*c*) combines these two figures so as to show the *actual money wages* (expressed as percentage of 1900) which the average worker could expect to earn in each of these years. The following is the method of calculation. In 1900 the unemployment percentage was 2.5; that is to say, for every 100 jobs 102.5 men were competing. Or, in other words, each man could only expect $100 \div 102.5 = 97.8$ per cent. of full-time wages. In 1901 he could only expect $100 \div 103.3 = 96.8$ per cent.; and so on for each year. If we express the *actual money wages* throughout as percentages of 1900, we find that in 1901 a man could expect to earn 98.2 per cent. of what he earned in 1900, in 1902 96.3 per cent., and so on. When the unemployment percentage is less than 2.5, as during the war, the rise in the *actual money wages* will appear higher than in nominal wages; during a slump it will appear much lower. This, of course, as every worker will know, reflects the facts.

This column, it should be observed, takes no account of either overtime or short time earnings. To make a proper calculation of actual earnings these should be included; but in the absence of any figures at all they cannot be. We can only observe that overtime increases earnings in good trade, and short time decreases them in bad. If they were included the drop in wages between 1920 and 1921 would be even more sudden than it appears.

Column (*d*) gives a comparative table of retail food prices. It is regrettable in the extreme that there was no cost-of-living figure compiled for the years before the war. The Board of Trade, up to 1914, gave an index figure of retail prices in London, and the figures for the last nine years have been compiled by adding on the percentage rise in food prices shown by the Ministry of Labour. This is not satisfactory, because the Ministry of Labour does not base its figure on quite the same commodities, but it is the best that can be done. If there had been a proper "cost-of-living" figure before the war, it might have shown a point or two less increase, as rents immediately before the war were not rising*; but unfortunately there was not. In any case, rent does not form a very large item, so that the margin of error is not great, but it should be observed that the column does not show the increase in the price of all working-class necessities, but only of food—by far the most important item.

In column (*e*) we have combined columns (*c*) and (*d*) so as to show the course of real wages, *i.e.* wages expressed in terms of food prices, since 1900. As in the previous column, the reader must remember that only the price of food is taken into account. Were it possible to include all items the figure for real wages would be a little higher up to 1918, but would then drop more sharply.

TABLE I

EARNINGS AND FOOD PRICES, 1900-1924

Year	(*a*) Nominal Wages	(*b*) Unemployment Percentage	(*c*) Actual Wages (combined) (*a*) and (*b*)	(*d*) Retail Prices	(*e*) Real Wages
1900 ..	100	2.5	100	100	100
1901 ..	99.0	3.3	98.2	100.4	97.8
1902 ..	97.8	4.0	96.3	101.0	95.3
1903 ..	97.3	4.7	95.2	102.8	92.5
1904 ..	96.8	6.0	93.5	102.4	91.3
1905 ..	97.3	5.0	95.0	102.8	92.4
1906 ..	98.7	3.6	97.6	102.0	95.7
1907 ..	102.1	3.7	100.9	105.0	95.1
1908 ..	101.5	7.8	96.5	107.5	89.8
1909 ..	100.3	7.7	95.4	107.6	88.2
1910 ..	100.7	4.7	97.5	109.4	88.2
1911 ..	100.9	3.0	100.4	109.4	91.8
1912 ..	103.4	3.2	102.7	114.5	89.7
1913 ..	106.5	2.1	106.9	114.8	93.1
1914 ..	107.0	3.3	106.1	116.8	90.7
1915 ..	115.0	1.1	116.5	154.1	82.1
1916 ..	125.7	0.4	128.3	188.0	69.9
1917 ..	147.1	0.7	149.7	238.3	62.0
1918 ..	189.9	0.8	193.0	245.3	78.2
1919 ..	227.4	2.4	227.6	244.1	93.2
1920 (mid)	278.2	2.4	278.4	301.3	92.4
1921 (end)	230.0	15.3	204.4	216.0	94.6
1922 (end)	185.1	15.4	164.3	204.4	81.2
1923 (end)	180.9	11.5	166.2	204.4	81.3

The startling fact which emerges from this table is that *not once since* 1900 has the rise in working-class wages come near the rise in food prices; and more than this, the discrepancy has been growing steadily year by year, the steady level of wages during the war period being more than offset by the violent rise of prices. 1921, the first year of the slump, when prices fell faster than wages, was about the best year since 1907, but in 1922 the capitalists, aided by continued unemployment, recaptured their lost advantage, and down comes the figure with a bump. *Since* 1900 *British capitalism has been giving its workers a less and less amount of the necessities of life.*

Table II. puts these facts another way. In 1904 the Board of Trade conducted an inquiry

* But food since the war shows a less rise than other items in the budget.

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into the "standard and working-class budget," which has been used as a basis for the cost-of-living figure ever since. This is not the place to discuss the many criticisms of this budget which have been made in working-class circles. In the absence of any other figure, we are bound to make our calculations from it. This "standard family" in 1904 spent 22s. 6d. a week on food out of a total expenditure of 36s. 10d. Assuming, as it is pretty safe to assume, that the "standard family" spent all that it received, we proceed to calculate in column (*a*) what the same quantities of food would have cost during the remaining years, and (*b*) what total income a man earning 36s. 10d. a week in 1904 could reasonably have expected in each of those years. We find that whereas in 1900 he might have received 39s. 5d. and had to pay out 22s. for his food, leaving him with 17s. 5d. to cover rent, clothes, heating, lighting, and all other expenses, in 1923 he would have got 65s. 6d., out of which his food would have cost him 45s. This leaves for all other necessities 20s. 6d., only about 3s. more than in 1900, to pay for all these other necessities, which at 1900 standards would have cost him about 34s. or 35s. If for a moment we leave income calculations out of account, and take only the expenditure on food, we find that to provide for his family—not an ideal set of meals, but one equivalent to the average standard in 1904—a wage-earner at the end of 1923 would have had to spend 45s. a week. How many are there whose wages, allowing for time out-of-work periods, come nowhere near 45s. per week—*i.e.*, are insufficient to buy the food, let alone the rest of the necessities of life, which the average family ate in 1904.

The chart on p. 5 puts the whole position pictorially. The curve of nominal wages we have omitted as misleading; and have included only the curves of actual wages, of retail prices, and of real wages. We need not enlarge upon the implications of the chart; the curve of real wages, dropping slowly till the war, then suddenly after its outbreak, and finally stabilising itself (in 1923) at little more than four-fifths of the 1900 standard, speaks for itself.

TABLE II

COST OF FOOD AND AVERAGE INCOME, 1900-1924

Year	(*a*) Cost of Standard Working-Class Food Budget	(*b*) Income of Average Family (1904) basis
	s. d.	s. d.
1900	22 0	39 5
1901	22 1	38 8
1902	22 2	37 11
1903	22 5	37 6
1904	22 6	36 10
1905	22 7	37 5
1906	22 5	38 6
1907	23 2	39 9
1908	23 7	38 0
1909	23 7	37 7
1910	24 0	38 5
1911	24 0	39 7
1912	25 1	40 6
1913	25 2	42 2
1914	25 8	41 10
1915	33 11	45 11
1916	41 4	50 7
1917	52 5	59 0
1918	54 0	76 1
1919	53 8	89 4
1920 (mid)	66 3	109 9
1921 (end)	47 6	80 7
1922 (end)	45 0	64 9
1923 (end)	45 0	65 6

The Value of Unemployment Pay

"But," someone will say, "your figure of earnings is incorrect. You have forgotten the dole! If you take unemployment into account at all, you must take into account the money which the State and the employers so generously provide to assist the unemployed." For the first ten years of our table this criticism has no weight, for there was no out-of-work benefit provided except by Trade Unions, for which, of course, the workers had already paid out of income. Between 1911 and 1920 the effect is almost impossible to ascertain, for the Insurance Acts applied to so few trades. But from November, 1920, onwards the bulk of the workers were insured, and fortunately we have some figures available.

According to the Ministry of Labour (*Report on Unemployment Insurance*) the total amount paid out (deducting the percentage paid for by workers' contributions) between November 1920 and June 1922 was £82¼ million, or just under £33 million per annum. Dividing this by 11 million, which is roughly the number of insured persons, we get £3 per annum or 1/1.8 pence per week, which is the average value of the unemployment benefit which does not come out of his own contributions to the insured worker in a time of very bad trade. Uninsured persons, such as agricultural labourers, of course, get nothing at all, and the figures take no account of the workers who have lapsed from benefit and no longer remain on

the books. Still, we may say that during 1921 and 1922 the State and the employers between them increased the average insured worker's wages by about 1s. 2d. a week. It seems a cheap form of insurance against social revolution.

Of course, we do not intend to imply that the working-class as a whole lived during the slump on the wages we have calculated and the dole. Some part of the difference was made up by the Boards of Guardians. But the relief given by the Guardians was in theory at least individual relief, given to prevent a particular family from starving, and cannot properly be made the subject of a general calculation. In any case, our concern is not to find out what means there are by which a particular worker can supplement an inadequate income, but what provision capitalist industry makes for a living wage. Our figures show that year by year since 1900 British capitalist industry has been providing less and less of the necessities of life to its own workers.

Points to Observe—What the 'Standard of 1914' Really Is

Three points fall to be noticed, finally. First, with regard to the year taken as the basis. 1900 is chosen for three reasons : first, because its general use by the Board of Trade as a basis before the war simplifies calculation ; secondly, because it is the point at which we can say definitely that real wages began to fall after the long rise of the 19th century ; thirdly, because it was just about then that the real drive towards imperialist capitalism began. The coincidence of these two facts must be more than a coincidence.

The second point is concerned with the Board of Trade budget. Capitalist economists, such as the members of the Sumner Committee on Working-Class Cost of Living during the War, argue that 1914 was a " good year," and that the workers cannot expect in hard times to retain that standard unimpaired. But the " 1914 standard " in reality has no existence ; it is merely the cost of the budget of 1904 at 1914 prices. And 1904, as our figures show, was a year in which *actual earnings* (and hence spending-power) *were lower than in any year covered by our tables.* It is this standard which the working-classes are told they " must not expect to retain ! "

Lastly, with regard to the figures generally. We have hinted above that the figures obtained from official sources are anything but satisfactory, and that the calculations based upon them must be treated more as a general indication of how things are going than a copper-bottomed statistical table. This is not our fault, but the fault of the Government statisticians. British official statistics are notoriously bad, and we suggest that one of the duties to which the Labour movement might well draw the attention of the Government is the preparation of proper figures on a proper basis, showing the real position of the workers at the present day and for as far back as possible. Recently, the formation of a Committee on British Trade and Industry was announced. Will the terms of reference of this Committee be held to include the extent to which British industries provide, or even seek to provide, a living for the workers engaged therein ?

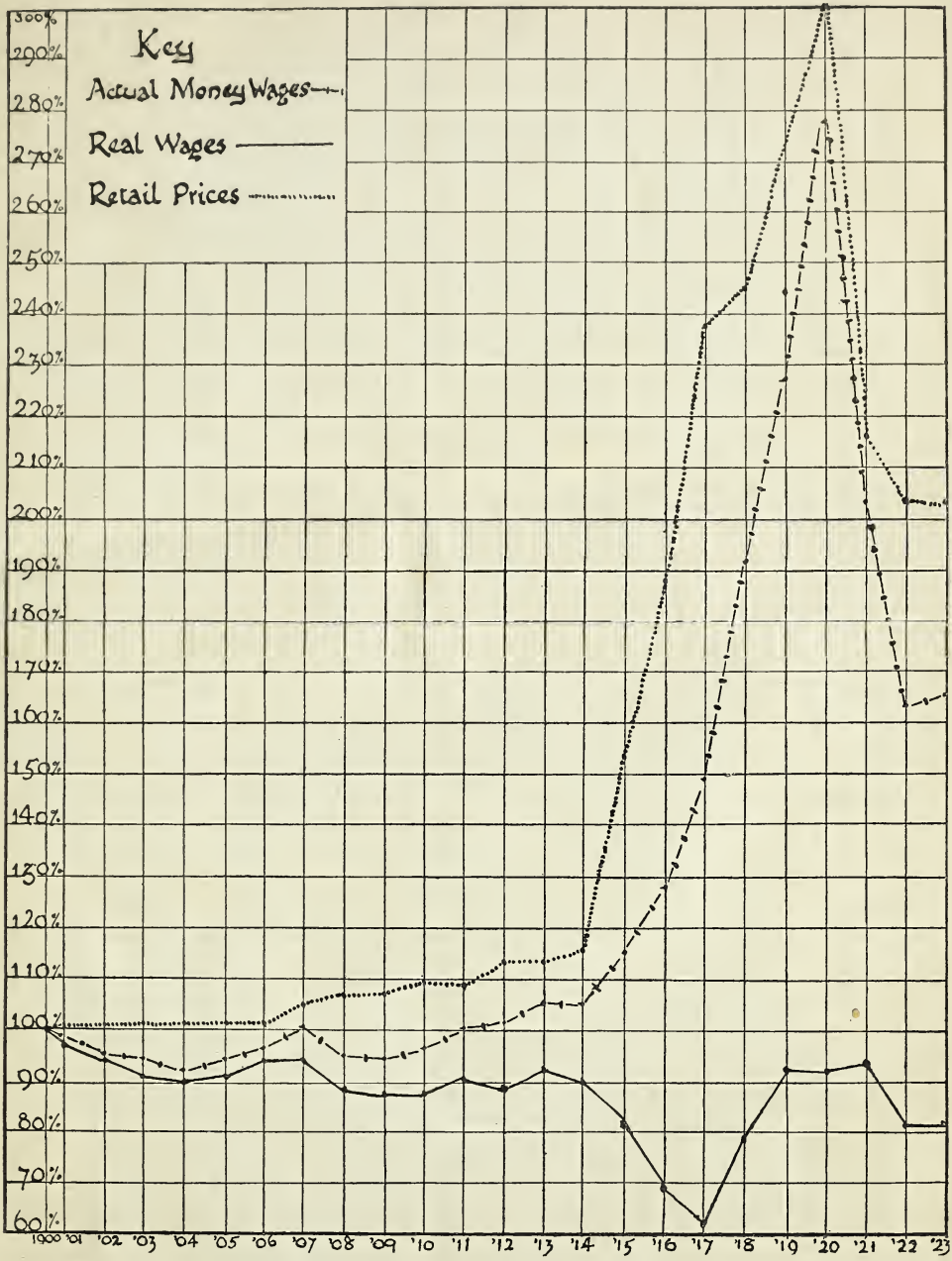
The Present Year.

It is, of course, impossible to continue the tables so as to take in 1924, because, until we have reached the end of the year the average figures will not be obtainable. In response to several inquiries, however, we hazard a conjecture of the probable result.

Undoubtedly, 1924 will show an improvement, though not a large one. Unemployment, taken over the year, will show a decrease of 1 per cent. or thereabouts, even if the present increase continues ; the cost of living has kept throughout the year at practically the level of 1923, and will, therefore, not affect the level, unless there is a sudden rise in the next three months. Wages have increased slightly to date—the total amount being equivalent to a rise of about 7 per cent. on the 1900 level—and it is improbable that they will drop much before the end of the year. We may, therefore, conclude that, supposing the cost of living to remain much the same, the percentage of actual wages will rise to just over 173, and that of real wages to a little under 85.

This is, of course, a sensible improvement ; but the fact that real wages would still be 15 per cent. below the level of 1900, and some distance below the very low standard of 1904, shows how difficult it is for the workers to make up the leeway.

THE WORKERS' STANDARD.



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